INPUT

THE COMPETITIVE ENVIRONMENT FOR FINANCIAL CONSOLIDATION AND REPORTING YSTEMS

Final Report to:

GEIS

June 1, 1992

INPUT

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I. INTRODUCTION

A. Background

INPUT was engaged by GEIS to analyze the market and competitive environment for financial consolidation and reporting products. The study's objectives were to:

- Identify the importance of features and functions, from the standpoint of both users and vendors.
- Assess current and future product usage
- Obtain ratings of current products/vendors
- Obtain data on user spending and vendor pricing.

The study began in late April 1992 and results were presented in Rockville on May 14, 1992. This report contains essentially the same material and observations made at the Rockville presentation.

B. Methodology

GEIS and INPUT cooperated in producing user and vendor questionnaires (see Appendices 1 and 2). Twenty-five user organizations were interviewed (see list in Exhibit I-1). The companies selected were large organizations across a variety of industries which would be likely to value consolidation. Banking and insurance firms were excluded because of their specialized reporting requirements.

The objective in the user interviews was to interview a knowledgeable person. In smaller organizations these tended to have more senior titles; in larger organizations, the respondents tended to have more specialized titles. Titles of interviewees are classified in Exhibit 1-2.

User respondents were uniformly interested in the study and were quite candid and forthcoming. In a very few cases, information was not provided or provided on a confidential basis because of the perceived proprietary nature of the information. INPUT does not believe that these omissions had any material effect on the study.

INPUT interviewed one executive at the headquarters location of each vendor: a vice president and a senior director. They were quite informed and forthcoming on their assessment of the market and overall pricing strategy. INPUT contacted a number of field offices of each vendor to obtain more detailed pricing data.

In both user and vendor interviews INPUT was explicit in not wishing to obtain any information which was deemed sensitive or proprietary.

After receiving the interview information, INPUT tabulated the information and prepared the exhibits contained in this report (which are identical, except for minor editing, to the exhibits in the presentation).

This report contains feedback received at the May presentation from GEIS staff.

Exhibit I-1

COMPANIES INTERVIEWED

- Agway
- Albany International
- American Cyanamid
- Ball
- Banta
- Barnes Group
- Baroid
- Bell & Howell
- Deere & Co.
- Goodyear
- Handy & Harman
- Harnischfager Industries
- Helene Curtis Industries
- Hershey Foods
- Interface
- Intergraph
- Kerr McGee
- Litton
- Molex
- Pope & Talbot
- Reynolds & Reynolds
- Seagate Technology
- St. Joe Paper
- Stewart & Stevenson
- Xerox

Exhibit I-2

RESPONDENT TITLES

(All end users, except as noted)

	Number	Percent
Vice President (Finance Department)	12	46%
Director/Manager Financial Planning, Reporting and/or Analysis	7	27%
Assistant/Corporate Controller or Treasurer	5	19%
Manager, Applications Development*	2	8%
	**26	100%

* Systems Title

** One Interview a joint interview with end user and systems respondents

II. USER OPERATING ENVIRONMENT

Exhibit II-1 shows the profile of the respondents interviewed. Respondents ranged greatly in size, however, the median sizes were similar (17 and 20, respectively) for

- The number of locations with separate accounting systems
- The number of units supplying data for consolidation

Virtually all respondents close their books monthly.

About two-thirds of respondents were currently using a commercial package for reporting and consolidation (Exhibit II-2). IMRS was the single package most cited. Forty percent of respondents were still using an in-house developed system.

However, this picture will changed markedly in the future (Exhibit II-3):

- The in-house share will fall by about 40%
- The "other" category will fall by almost half.
- Most users planning to change are not yet sure what their new package will be (this is the "other - unspecified" category)
- IMRS and D & B show some growth already, from those respondents that have already made up their minds.

Part of the reason why relatively few of those who have decided to change know the package they will use is that the selection process is a relatively lengthy one, averaging a year (Exhibit II-4).

Note that the two vendors interviewed believed the selection process to be considerably shorter. This difference may be because the vendors are not totally aware of the time spent before they become part of the process; there may also be an element of optimism in the vendors' assessment.

The selection process itself is rarely formalized and does not appear to conform to a particular pattern among users. Exhibit II-5 summarizes the descriptions made by users of their processes. One implication is that a vendor should not make its own sales and marketing process too patterned or formalized but should instead be flexible and able to respond to the requirements of different prospects.

A striking change foreseen by respondents is the move from mainframe and mini environments to LANs (Exhibit II-6):

- The proportion on mainframes will drop in half.
- The proportion on LANs will almost double.

Exhibit II-1

RESPONDENT PROFILE: LOCATIONS AND UNITS

	Range	Mean Average	Median
Number of locations with separate accounting systems	1 - 300	39	17
Number of reporting/ analysis units supplying consolidation data	4 - 2000	112	20

Exhibit II-2

SOURCE OF CURRENT CONSOLIDATION/FINANCIAL ANALYSIS SYSTEMS (PERCENT OF SITES)

System Source		Percent of Respondents *
In-house System		40%
Commercial Package		68%
IMRS	24%	
D & B	12%	
CA	8%	
Others**	24%	

* Totals more than 100% due to multiple sources

** Includes: FDC, Plus Plan, Lotus (as primary), Software 2000, Software International

Exhibit II-3

POTENTIAL CHANGES IN CONSOLIDATION/FINANCIAL SOFTWARE SITES

Source	Current*	Future*
In-house	40%	24%
IMRS	24%	28%
D & B	12%	16%
Other - known	28%	16%
Other - unspecified	4%	20%

* Totals more than 100% due to multiple sources

Exhibit II-4

PRODUCT SELECTION PROCESS
(FROM DECISION TO IMPLEMENTATION)

	Months	
Source	Range	Median
Users	1 - 30	12
Vendors	3 - 6 2 - 3	

Exhibit II-5

EXAMPLES OF PROCESSES USED TO SELECT CONSOLIDATION/FINANCIAL ANALYSIS SYSTEMS

- Examine alternatives as underlying technology changes
- Speak to users in other companies
- Review needs on an ongoing basis
- Review literature, product reviews and product information annually
- Market survey
- Internal study to select top five and each makes a presentation
- MIS department coordinates
- Varies, depends on need
- Andersen is doing a study
- Each subsidiary has own procedures
- Ad hoc, as needed (several)
- Formal bidding process

Open-ended answers, slightly edited

Exhibit II-6

COMPUTING ENVIRONMENTS FOR FINANCIAL ANALYSIS AND REPORTING SYSTEMS

	1992	1995
Mainframe	32%	16%
LAN	44%	80%
Other *	24%	4%
	100%	100%

* Minis, Mainframe-micro, future unclear etc.

III. USER REQUIREMENTS

Exhibit III-1 shows the importance of features and functions to users.

- Data security is the most important consideration.
- Ease of learning/use and data consolidation are next most important, followed closely by customized report facilities and price.
- Journalized input and predefined analysis functions are of somewhat lesser importance, followed by predefined reporting and the number of dimensions supported.
- The other functions are of marginal importance.

Exhibit III-2 shows the same information as Exhibit III-1, but shows the incidence of each point on the rating scale. The value of this kind of analysis is to point out the incidence of bi-modal distributions where a "3.0" is really made up of equal numbers of "1.0" and "5.0" ratings. There was little evidence of this being the case -- this is useful information, because it indicates there are relatively few high need customers "lurking" underneath an unimpressive average rating.

Exhibit III-3 shows the importance of different vendor characteristics as rated by users. All except vendor size receive relatively high ratings of importance. Exhibit III-4 shows the incidence of each rating: Here also there are no surprises in the distributions.

Over half of the respondents preferred the "structured" approach used by IMRS (Exhibit III-5); it should be kept in mind, however, that one-fifth of respondents had no strong feelings on this issue.

Respondents were asked an open-ended question as to the types of improvements needed to better meet their needs. These comments are shown in Exhibit III-6. There was no particular pattern to these responses.

Exhibit III-1

IMPORTANCE OF FEATURE/FUNCTIONS TO USERS

Feature/Function		Average Rating *
Data Security		4.7
Access control/protection levels	4.7	
Backup/error recovery	4.5	
Data reliability/editing	4.7	
Ease of using product		4.3
Ease of learning product		4.2
Data Consolidation		4.2
Audit trails	4.5	
Multiple paths	3.6	
Elimination	4.1	
Currency conversion support	3.7	
Customized analysis and reporting facilities		4.0
Modeling tools	**	
Report creation facilities	**	
Prototyping	**	
User level definitions	**	
Price		4.0

* = low importance; 5 = high importance; differences of 0.4 or less are not material

** Only asked of higher raters; too small a response to average See "Rating Percentages"

Exhibit III-1 (Cont.)

IMPORTANCE OF FEATURE/FUNCTIONS TO USERS (Cont.)

Feature/Function		Average Rating *
Journalized input		3.8
Predefined analysis and modeling functions		3.6
Statistical	**	
Financial	**	
Simulation	**	
Predefined reporting facilities		3.4
Standard sets of reports	**	
Individualized reporting	**	
Data slicing capabilities (drill down, exception reporting)	**	
Number of data dimensions supported		3.4
Forced balancing		3.2
Predefined ranges		3.0
Mixed text/graphics output		2.9
Graphical user interface		2.7
Built-in presentation graphics		2.6

* = low importance; 5 = high importance; differences of 0.4 or less are not material

** Only asked of higher raters; too small a response to average See "Rating Percentages"

Exhibit III-2

RATING PERCENTAGES:
IMPORTANCE OF FEATURE/FUNCTION TO USERS

Feature/Function	Scaled Ratings (Percentages) Not Rated	1	2	3	4	5
Data Security	0	0	0	4	20	76
Access control/protection levels	4	0	0	4	40	52
Backup/error recovery	4	0	0	4	20	72
Data reliability/editing	4	0	0	4	24	68
Ease of using product	0	0	0	16	36	48
Ease of learning product	0	0	4	16	32	48
Data Consolidation	0	0	0	20	40	40
Audit trails	20	0	0	4	32	44
Multiple paths	20	8	0	24	24	24
Elimination	20	4	0	12	32	32
Currency conversion support	20	12	0	8	32	28
Customized analysis and reporting facilities	0	0	8	20	32	40
Modeling tools	36	0	0	24	28	12
Report creation facilities	28	0	0	24	20	28
Prototyping	36	0	4	32	20	8
User level definitions	48	0	4	16	28	4
Price	4	0	0	32	36	28

Note: Each row equals 100%

Exhibit III-2 (Cont.)

RATING PERCENTAGES:
IMPORTANCE OF FEATURE/FUNCTION TO USERS (Cont.)

Feature/Function	Not Rated	Scaled Ratings (Percentages) 1	2	3	4	5
Journalized input	0	0	4	32	36	28
Predefined analysis and modeling functions	0	4	28	48	16	4
Statistical	80	0	0	12	0	8
Financial	80	0	0	4	4	12
Simulation	80	0	4	4	12	0
Predefined reporting facilities	0	8	12	32	32	16
Standard sets of reports	52	0	0	4	36	8
Individualized reporting	52	0	0	12	20	16
Data slicing capabilities (drill down, exception reporting)	52	0	4	12	20	12
Number of data dimensions supported	0	4	16	36	24	20
Forced balancing	0	12	12	40	20	16
Predefined ranges	0	8	8	60	20	4
Mixed text/graphics output	0	8	32	28	28	4
Graphical user interface	0	12	28	40	20	0
Built-in presentation graphics	0	20	32	20	20	8

Note: Each row equals 100%

Exhibit III-3

IMPORTANCE OF VENDOR CHARACTERISTICS TO USERS

Vendor Characteristics	Average Rating*
Training supplied	4.3
General Reputation	4.2
Reputation of its financial analysis/reporting products	4.1
Consulting supplied	3.9
Vendor size	3.3

* = low importance; 5 = high importance

Exhibit III-4

RATING PERCENTAGES:
IMPORTANCE OF VENDOR CHARACTERISTICS TO USERS

	Scaled Ratings (Percentages)					
Vendor Characteristics	Not Rated	1	2	3	4	5
General Reputation	4	0	0	20	40	36
Reputation of its financial analysis/reporting products	4	0	0	16	52	28
Vendor size	4	4	8	48	32	4
Training supplied	4	0	0	24	24	48
Consulting supplied	4	0	4	32	28	32

Note: Each row equals 100%

Exhibit III-5

PREFERENCES TO "OPEN" (COMSHARE) VERSUS "STRUCTURED" (IMRS) SYSTEM

Type	Preference
Open	28%
Structured	52%
Both/either	12%
No opinion	8%
	100%

Exhibit III-6

IMPROVEMENTS NEEDED IN FINANCIAL ANALYSIS AND REPORTING PRODUCTS TO BETTER MEET COMPANY NEEDS

"Better quality"

"More specific features; don't be all things to all people"

"Must clean up their packages"

"Must be more dynamic to structure system and to customize"

"Better means of pulling in data from multiple sources"

"None - our (in-house) system does what we want it to do"

"Ease of use and flexibility"

"Training and consulting support"

"Lower cost and lots of companies our size would buy" ($600MM company)

"Graphical user interface"

"Satisfied"

"Sophistication plus ease of use"

Open-ended answers

IV. RATINGS OF VENDORS

Exhibit IV-1 takes the earlier data on the ranking of importance and pairs this with user ratings of how well their current systems actually perform. Broadly speaking, the systems rate reasonable well and are consistent with importance. However, there are several red flags:

- While the performance of data security is relatively high, it could be even higher, given the importance that users ascribe to this function.
- There is a similar gap in ease of learning/use.
- On the other hand, there may be "over-performance" in reporting facilities, number of dimensions supported and some of the graphics capabilities, where performance ratings are somewhat higher than importance.

Exhibit IV-2 takes the same data in Exhibit IV-1 and sorts it by performance. The range of ratings in performance is much narrower than for importance.

Exhibit IV-3 breaks out the performance ratings for groups of suppliers: IMRS, other vendors, and in-house developed.

- Generally, in-house systems lagged vendor systems in features and functions.
- "Other" vendors as a group were fairly close to IMRS except in reporting facilities, graphics and consulting/implementation assistance, where IMRS led.

Exhibit IV-4 contrasts vendor ratings of importance to those of users (reported earlier in Exhibit III-1). In general, vendors tended to rate all areas as being important; consequently, the contrasts at the bottom of the users' list are relatively great. This implies that the vendors do not always listen to their users.

The vendors are somewhat more in synch with the users when it comes to rating vendor characteristics (Exhibit IV-5).

Exhibit IV-1

IMPORTANCE VERSUS VENDOR PERFORMANCE TO USERS

Factor	Importance*	Performance**
Data security	4.7	4.1
Training offered by vendor	4.3	4.2
Ease of use	4.3	3.8
Ease of learning product	4.2	3.6
Data consolidation	4.2	4.1
Vendor reputation	4.2	4.2
Customized analysis facilities	4.0	3.7
Price	4.0	3.8
Consulting/implementation assistance	3.9	4.1
Analysis and modeling functions	3.6	3.6
Reporting facilities	3.4	3.9
Number of dimensions supported	3.4	3.9
Graphics	2.6-2.9	3.2
References from users	-	4.1

* 1 = low, 5 = high
** 1 = poor, 5 = excellent

Differences of 0.4 or less are not material.

Exhibit IV-2

IMPORTANCE VERSUS VENDOR PERFORMANCE TO USERS (ARRANGED BY PERFORMANCE RATING)

Factor	Importance*	Performance**
Vendor reputation	4.2	4.2
Training offered by vendor	4.3	4.2
Consulting/implementation assistance	3.9	4.1
References from users	-	4.1
Data security	4.7	4.1
Data consolidation	4.2	4.1
Number of dimensions supported	3.4	3.9
Reporting facilities	3.4	3.9
Price	4.0	3.8
Ease of use	4.3	3.8
Customized analysis facilities	4.0	3.7
Ease of learning product	4.2	3.6
Analysis and modeling functions	3.6	3.6
Graphics	2.6-2.9	3.2

* 1 = low, 5 = high
** 1 = poor, 5 = excellent

Differences of 0.4 or less are not material.

Exhibit IV-3

FINANCIAL ANALYSIS AND REPORTING SOFTWARE PERFORMANCE RATINGS BY USERS

	Performance Ratings *			
Characteristic	All Software	IMRS	Other Vendors	In-house Developed
Vendor reputation	4.2	4.3	4.1	n/a
Training offered by vendor	4.2	4.3	4.1	n/a
Data security	4.1	4.1	4.1	4.2
Data consolidation	4.1	4.3	4.2	3.8
Consulting/implementation assistance	4.1	4.5	3.9	n/a
References from users	4.1	4.3	4.0	n/a
Reporting facilities	3.9	4.3	3.8	3.8
Number of dimensions supported	3.9	4.2	4.0	3.6
Price	3.8	3.4	3.8	4.3
Ease of use	3.8	3.8	3.9	3.7
Customized analysis facilities	3.7	3.8	3.9	3.4
Analysis and modeling functions	3.6	3.8	3.8	3.0
Ease of learning product	3.6	4.0	3.7	3.2
Graphics J	3.2	3.7	3.2	2.8
N =	29	6	13	10

*1 = poor, 5 = excellent

Exhibit IV-4

IMPORTANCE OF FEATURE/FUNCTIONS: USER VERSUS VENDOR RATINGS

Feature/Function		Average User Rating *	Vendor Ratings
Data Security		4.7	4.5, 5
Access control/protection levels	4.7		5, 5
Backup/error recovery	4.5		4, 5
Data reliability/editing	4.7		5, 5
Ease of using product		4.3	5, 5
Ease of learning product		4.2	5, 4
Data Consolidation		4.2	5, 5
Audit trails	4.5		5, 4
Multiple paths	3.6		5, 5
Elimination	4.1		5, 5
Currency conversion support	3.7		5, 5
Customized analysis and reporting facilities		4.0	4, 5
Modeling tools	**		4, 2
Report creation facilities	**		5, 5
Prototyping	**		n, 5
User level definitions	**		5, 4
Price		4.0	4, 5

* = low importance; 5 = high importance; differences of 0.4 or less are not material

** Only asked of higher raters; too small a response to average See "Rating Percentages"

n = not rated

Exhibit IV-4 (Cont.)

IMPORTANCE OF FEATURE/FUNCTIONS: USER VERSUS VENDOR RATINGS (Cont.)

Feature/Function		Average User Rating *	Vendor Ratings
Journalized input		3.8	5, 4
Predefined analysis and modeling functions		3.6	4, 3
Statistical	**		3, 3
Financial	**		4, 2.5
Simulation	**		4, 2
Predefined reporting facilities		3.4	5, 5
Standard sets of reports	**		5, 3
Individualized reporting	**		5, 4
Data slicing capabilities (drill down, exception reporting)	**		5, 4
Number of data dimensions supported		3.4	5, 5
Forced balancing		3.2	4, 5
Predefined ranges		3.0	5, 3
Graphical user interface		2.7	5, 4
Mixed text/graphics output		2.9	3, 4
Built-in presentation graphics		2.6	5, 2

* = low importance; 5 = high importance; differences of 0.4 or less are not material

** Only asked of higher raters; too small a response to average See "Rating Percentages"

Exhibit IV-5

IMPORTANCE OF VENDOR CHARACTERISTICS: USER VERSUS VENDOR RATINGS

Vendor Characteristics	Average User Rating*	Vendor Ratings
General Reputation	4.2	5, 5
Reputation of its financial analysis/reporting products	4.1	5, 5
Vendor size	3.3	4, 3
Training supplied	4.3	4, 5
Consulting supplied	3.9	4.5, 4

* = low importance; 5 = high importance

V. SPENDING AND PRICING

An initially surprising finding was the lack of knowledge on the part of users interviewed on what their current costs were for supporting their reporting and consolidation systems. INPUT believes that there are several aspects to this state of affairs:

- Some of the respondents were relatively senior and did not know this kind of operational detail.
- Many respondents cited this information as confidential, which did not make sense because of other types of information which they were quite willing to share. INPUT believes that, quite simply, those in financial management positions feel somewhat embarrassed by not being able to cite a relatively straightforward piece of dollar-related information.

Few respondents mentioned price as being a serious barrier to their past or future plans.

- Respondents saw discounts as being desirable, but not a prominent expectation.
- On the other hand, there appeared a tendency to delegate the actual purchase mechanics to the information systems organizations; here INPUT believes that there would be much more of an expectation of discounts, based on IS' ongoing experience with vendors.
- INPUT believes that it may be good strategy to keep as many of the negotiations on pricing with the financial organization as is feasible because of these factors.

Exhibit V-1 shows the pricing of an average sale for Comshare and IMRS; this information was obtained from several sources. IMRS discounts are summarized in Exhibit V-2. Comshare pricing and discounts are in Appendix 3.

Exhibit V-3 contrasts the sales strategies of Comshare and IMRS. The main difference is in their approaches to pricing:

- Comshare adopts a more "rational approach" where prices are related to functions included/excluded and to order size.
- IMRS is more flexible in discounting by having a sliding scale based on a company's size (and assumed ability to pay).

Exhibit V-1

PRICING

	Average Sale ($K) *	
	Comshare	IMRS
License fees	$90	$125 -150
Installation	5	5 -10
Training	5	5 -10
Customization/ consultation	0	10 -20
Maintenance	15	20

*Headquarters plus remote sites

Exhibit V-2

IMRS DISCOUNTS

- Assumes full HQ price (i.e., $100K plus)
- "Administrative License"
  - Division pays 15% (i.e., 85% discount)
  - Receives clone of HQ copy (no change in functions)
- "Reporting Site"
  - Pays 4% of HQ copy price
  - No site customization

Exhibit V-3

SALES STRATEGIES

	Comshare	IMRS
Sales Focus	Corporate HQ	HQ or Divisions
Site or Enterprise License	No - price per copy	No - price per copy
Pricing	Modules	"Value pricing": Explicitly takes size of company/ division into account
Reduced price for reduced functional capabilities	Yes (allied to module pricing)	Yes
Other discounts	Yes - for large orders (a factor about 10% of time)	Rare (in addition to above)

VI. CONCLUSIONS

Over one-quarter of respondents are already expecting changes, although the direction is not set. LAN/client server is the future target environment; there is no strong pattern to other future needs.

The most important features and functions are:

- Data security
- Data consolidation
- Customized analysis
- Ease of learning/use
- Training/consulting

The less important functions are:

- Graphics
- Predefined analysis/reporting

Pricing and reputation are the two most important vendor characteristics.

There were few striking differences between the performance ratings of vendor and in-house systems, although in-house ratings tended to lag behind ratings of vendors.

There were some shortfalls in ratings of performance versus importance for data security and ease of use/learning. In addition, there was possible "over-performance" in analysis/reporting and graphics.

Vendors and users were generally in synch with high importance items. However, vendors tend to think that all features and functions are important.

IMRS was the most-often cited vendor currently installed and customers appeared quite positive toward IMRS overall.

There are mixed signals on pricing from both vendors and users. When specifically asked, users give pricing a high importance rating. However, other comments indicate that price, per se, is probably not a first priority issue. The vendors' actual pricing appears to be highly variable and situational.

THE COMPETITIVE ENVIRONMENT FOR FINANCIAL CONSOLIDATION AND REPORTING YSTEMS

Presentation of Results to:

GEIS

May 14, 1992

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400 Frank W. Burr Boulevard
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Fax: 201-801-0441

AGENDA

- Objectives
- Methodology
- Respondent Profiles
- Users' Current and Future Usage and Operating Environments
- User Requirements
- Ratings of Vendors
- Spending and Pricing
- Conclusions

STUDY OBJECTIVES

- Identify feature/function importance (users, vendors)
- Product usage: current, future
- Ratings of current products and vendors
- Spending and pricing

STUDY METHODOLOGY

- 25 user interviews
- IMRS and Comshare interviews
- Structured questionnaires
- Presentation
- Written report

RESPONDENT PROFILES

COMPANIES INTERVIEWED

Agway
Albany International
American Cyanamid
Ball
Banta
Barnes Group
Baroid
Bell & Howell
Deere & Co.
Goodyear
Handy & Harman
Harnischfager Industries
Helene Curtis Industries
Hershey Foods
Interface
Intergraph
Kerr McGee
Litton
Molex
Pope & Talbot
Reynolds & Reynolds
Seagate Technology
St. Joe Paper
Stewart & Stevenson
Xerox

RESPONDENT TITLES

(All end users, except as noted)

	Number	Percent
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Director/Manager Financial Planning, Reporting and/or Analysis	7	27%
Assistant/Corporate Controller or Treasurer	5	19%
Manager, Applications Development*	2	8%
	**26	100%

* Systems Title

** One Interview a joint interview with end user and systems respondents

RESPONDENT PROFILE

- Cross-section of medium and large manufacturing and service companies
  - Banks, insurers and other regulated industries with special needs excluded
  - Separate page on companies interviewed
- Virtually all close books monthly
- No pattern for process used to select consolidation/financial analysis systems (see descriptive comments on separate page)

RESPONDENT PROFILE: LOCATIONS AND UNITS

	Range	Mean Average	Median
Number of locations with separate accounting systems	1 - 300	39	17
Number of reporting/ analysis units supplying consolidation data	4 - 2000	112	20

USERS' CURRENT AND FUTURE USAGE AND OPERATING ENVIRONMENTS FOR CONSOLIDATION/FINANCIAL ANALYSIS SYSTEMS

SOURCE OF CURRENT CONSOLIDATION/FINANCIAL ANALYSIS SYSTEMS (PERCENT OF SITES)

System Source		Percent of Respondents *
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** Includes: FDC, Plus Plan, Lotus (as primary), Software 2000, Software International

POTENTIAL CHANGES IN CONSOLIDATION/FINANCIAL SOFTWARE SITES

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IMPLEMENTATION PROCESS
(FROM DECISION TO COMPLETION)

	Months	
Source	Range	Median
Users	1 - 30	12
Vendors	3 - 6 2 - 3	

EXAMPLES OF PROCESSES USED TO SELECT CONSOLIDATION/FINANCIAL ANALYSIS SYSTEMS

- Examine alternatives as underlying technology changes
- Speak to users in other companies
- Review needs on an ongoing basis
- Review literature, product reviews and product information annually
- Market survey
- Internal study to select top five and each makes a presentation
- MIS department coordinates
- Varies, depends on need
- Andersen is doing a study
- Each subsidiary has own procedures
- Ad hoc, as needed (several)
- Formal bidding process

Open-ended answers, slightly edited

COMPUTING ENVIRONMENTS FOR FINANCIAL ANALYSIS AND REPORTING SYSTEMS

	1992	1995
Mainframe	32%	16%
LAN	44%	80%
Other *	24%	4%
	100%	100%

* Minis, Mainframe-micro, future unclear etc.

USER REQUIREMENTS

IMPORTANCE OF FEATURE/FUNCTIONS TO USERS

Feature/Function		Average Rating *
Data Security		4.7
Access control/protection levels	4.7	
Backup/error recovery	4.5	
Data reliability/editing	4.7	
Data Consolidation		4.2
Audit trails	4.5	
Multiple paths	3.6	
Elimination	4.1	
Currency conversion support	3.7	
Predefined analysis and modeling functions		3.6
Statistical	**	
Financial	**	
Simulation	**	
Predefined reporting facilities		3.4
Standard sets of reports	**	
Individualized reporting	**	
Data slicing capabilities (drill down, exception reporting)	**	

* = low importance; 5 = high importance
** Only asked of higher raters; too small a response to average
See "Rating Percentages"

IMPORTANCE OF FEATURE/FUNCTIONS TO USERS (Cont.)

Feature/Function		Average Rating *
Customized analysis and reporting facilities		4.0
Modeling tools	**	
Report creation facilities	**	
Prototyping	**	
User level definitions	**	
Predefined ranges		3.0
Forced balancing		3.2
Journalized input		3.8
Graphical user interface		2.7
Built-in presentation graphics		2.6
Mixed text/graphics output		2.9
Number of data dimensions supported		3.4
Ease of learning product		4.2
Ease of using product		4.3
Price		4.0

* = low importance; 5 = high importance

** Only asked of higher raters; too small a response to average See "Rating Percentages"

RATING PERCENTAGES:
IMPORTANCE OF FEATURE/FUNCTION TO USERS

Feature/Function	Scaled Ratings (Percentages) Not Rated	1	2	3	4	5
Data Security	0	0	0	4	20	76
Access control/protection levels	4	0	0	4	40	52
Backup/error recovery	4	0	0	4	20	72
Data reliability/editing	4	0	0	4	24	68
Data Consolidation	0	0	0	20	40	40
Audit trails	20	0	0	4	32	44
Multiple paths	20	8	0	24	24	24
Elimination	20	4	0	12	32	32
Currency conversion support	20	12	0	8	32	28
Predefined analysis and modeling functions	0	4	28	48	16	4
Statistical	80	0	0	12	0	8
Financial	80	0	0	4	4	12
Simulation	80	0	4	4	12	0
Predefined reporting facilities	0	8	12	32	32	16
Standard sets of reports	52	0	0	4	36	8
Individualized reporting	52	0	0	12	20	16
Data slicing capabilities (drill down, exception reporting)	52	0	4	12	20	12

Note: Each row equals 100%

RATING PERCENTAGES:

IMPORTANCE OF FEATURE/FUNCTION TO USERS (Cont.)

		Scaled Ratings (Percentages)				
Feature/Function	Not Rated	1	2	3	4	5
Customized analysis and reporting facilities	0	0	8	20	32	40
Modeling tools	36	0	0	24	28	12
Report creation facilities	28	0	0	24	20	28
Prototyping	36	0	4	32	20	8
User level definitions	48	0	4	16	28	4
Predefined ranges	0	8	8	60	20	4
Forced balancing	0	12	12	40	20	16
Journalized input	0	0	4	32	36	28
Graphical user interface	0	12	28	40	20	0
Built-in presentation graphics	0	20	32	20	20	8
Mixed text/graphics output	0	8	32	28	28	4
Number of data dimensions supported	0	4	16	36	24	20
Ease of learning product	0	0	4	16	32	48
Ease of using product	0	0	0	16	36	48
Price	4	0	0	32	36	28

Note: Each row equals 100%

IMPORTANCE OF VENDOR CHARACTERISTICS TO USERS

Vendor Characteristics	Average Rating*
General Reputation	4.2
Reputation of its financial analysis/reporting products	4.1
Vendor size	3.3
Training supplied	4.3
Consulting supplied	3.9

* = low importance; 5 = high importance

RATING PERCENTAGES:

IMPORTANCE OF VENDOR CHARACTERISTICS TO USERS

	Scaled Ratings (Percentages)					
Vendor Characteristics	Not Rated	1	2	3	4	5
General Reputation	4	0	0	20	40	36
Reputation of its financial analysis/reporting products	4	0	0	16	52	28
Vendor size	4	4	8	48	32	4
Training supplied	4	0	0	24	24	48
Consulting supplied	4	0	4	32	28	32

Note: Each row equals 100%

PREFERENCES TO "OPEN" (COMSHARE) VERSUS "STRUCTURED" (IMRS) SYSTEM

Type	Preference
Open	28%
Structured	52%
Both/either	12%
No opinion	8%
	100%

IMPROVEMENTS NEEDED IN FINANCIAL ANALYSIS AND REPORTING PRODUCTS TO BETTER MEET COMPANY NEEDS

"Better quality"

"More specific features; don't be all things to all people"

"Must clean up their packages"

"Must be more dynamic to structure system and to customize"

"Better means of pulling in data from multiple sources"

"None - our (in-house) system does what we want it to do"

"Ease of use and flexibility"

"Training and consulting support"

"Lower cost and lots of companies our size would buy" ($600MM company)

"Graphical user interface"

"Satisfied"

"Sophistication plus ease of use"

Open-ended answers

RATINGS OF VENDORS

IMPORTANCE VERSUS VENDOR PERFORMANCE (USERS)

Factor	Importance*	Performance**
Data security	4.7	4.1
Data consolidation	4.2	4.1
Analysis and modeling functions	3.6	3.6
Reporting facilities	3.4	3.9
Customized analysis facilities	4.0	3.7
Graphics	2.6-2.9	3.2
Number of dimensions supported	3.4	3.9
Vendor reputation	4.2	4.2
Price	4.0	3.8
Ease of learning product	4.2	3.6
Ease of use	4.3	3.8
Training offered by vendor	4.3	4.2
Consulting/implementation assistance	3.9	4.1
References from users	-	4.1

*** 1 = low, 5 = high**
**** 1 = poor, 5 = excellent**

FINANCIAL ANALYSIS AND REPORTING SOFTWARE PERFORMANCE RATINGS BY USERS

	Performance Ratings *			
Characteristic	All Software	IMRS	Other Vendors	In-house Developed
Data security	4.1	4.1	4.1	4.2
Data consolidation	4.1	4.3	4.2	3.8
Analysis and modeling functions	3.6	3.8	3.8	3.0
Reporting facilities	3.9	4.3	3.8	3.8
Customized analysis facilities	3.7	3.8	3.9	3.4
Graphics	3.2	3.7	3.2	2.8
Number of dimensions supported	3.9	4.2	4.0	3.6
Vendor reputation	4.2	4.3	4.1	n/a
Price	3.8	3.4	3.8	4.3
Ease of learning product	3.6	4.0	3.7	3.2
Ease of use	3.8	3.8	3.9	3.7
Training offered by vendor	4.2	4.3	4.1	n/a
Consulting/implementation assistance	4.1	4.5	3.9	n/a
References from users	4.1	4.3	4.0	n/a
N =	29	6	13	10

*1 = poor, 5 = excellent

IMPORTANCE VERSUS VENDOR PERFORMANCE TO USERS (ARRANGED BY IMPORTANCE)

Factor	Importance*	Performance**
Data security	4.7	4.1
Training offered by vendor	4.3	4.2
Ease of use	4.3	3.8
Ease of learning product	4.2	3.6
Data consolidation	4.2	4.1
Vendor reputation	4.2	4.2
Customized analysis facilities	4.0	3.7
Price	4.0	3.8
Consulting/implementation assistance	3.9	4.1
Analysis and modeling functions	3.6	3.6
Reporting facilities	3.4	3.9
Number of dimensions supported	3.4	3.9
Graphics	2.6-2.9	3.2
References from users	-	4.1

* 1 = low, 5 = high
** 1 = poor, 5 = excellent

IMPORTANCE VERSUS VENDOR PERFORMANCE TO USERS (ARRANGED BY RATING)

Factor	Importance*	Performance**
Vendor reputation	4.2	4.2
Training offered by vendor	4.3	4.2
Consulting/implementation assistance	3.9	4.1
References from users	-	4.1
Data security	4.7	4.1
Data consolidation	4.2	4.1
Number of dimensions supported	3.4	3.9
Reporting facilities	3.4	3.9
Price	4.0	3.8
Ease of use	4.3	3.8
Customized analysis facilities	4.0	3.7
Ease of learning product	4.2	3.6
Analysis and modeling functions	3.6	3.6
Graphics	2.6-2.9	3.2

* 1 = low, 5 = high
** 1 = poor, 5 = excellent

IMPORTANCE OF FEATURE/FUNCTIONS:
USER VERSUS VENDOR RATINGS

Feature/Function		Average User Rating *	Vendor Ratings
Data Security		4.7	4.5, 5
Access control/protection levels	4.7		5, 5
Backup/error recovery	4.5		4, 5
Data reliability/editing	4.7		5, 5
Data Consolidation		4.2	5, 5
Audit trails	4.5		5, 4
Multiple paths	3.6		5, 5
Elimination	4.1		5, 5
Currency conversion support	3.7		5, 5
Predefined analysis and modeling functions		3.6	4, 3
Statistical	**		3, 3
Financial	**		4, 2.5
Simulation	**		4, 2
Predefined reporting facilities		3.4	5, 5
Standard sets of reports	**		5, 3
Individualized reporting	**		5, 4
Data slicing capabilities (drill down, exception reporting)	**		5, 4

* = low importance; 5 = high importance

** Only asked of higher raters; too small a response to average
See "Rating Percentages"

IMPORTANCE OF FEATURE/FUNCTIONS: USER VERSUS VENDOR RATINGS (Cont.)

Feature/Function		Average User Rating *	Vendor Ratings
Customized analysis and reporting facilities		4.0	4, 5
Modeling tools	**		4, 2
Report creation facilities	**		5, 5
Prototyping	**		5
User level definitions	**		5, 4
Predefined ranges		3.0	5, 3
Forced balancing		3.2	4, 5
Journalized input		3.8	5, 4
Graphical user interface		2.7	5, 4
Built-in presentation graphics		2.6	5, 2
Mixed text/graphics output		2.9	4
Number of data dimensions supported		3.4	5, 5
Ease of learning product		4.2	5, 4
Ease of using product		4.3	5, 5
Price		4.0	4, 5

* = low importance; 5 = high importance

** Only asked of higher raters; too small a response to average
See "Rating Percentages"

IMPORTANCE OF VENDOR CHARACTERISTICS: USER VERSUS VENDOR RATINGS

Vendor Characteristics	Average User Rating*	Vendor Ratings
General Reputation	4.2	5, 5
Reputation of its financial analysis/reporting products	4.1	5, 5
Vendor size	3.3	4, 3
Training supplied	4.3	4, 5
Consulting supplied	3.9	4.5, 4

* = low importance; 5 = high importance

VENDORS' COMPETITIVE EVALUATIONS

Evaluation by IMRS

- Different approach
- Comshare performance not as robust, fast
- Comshare not as comprehensive

Evaluation by Comshare

- IMRS had PC LAN offering longer
- Comshare established longer (consolidation)
- IMRS does not offer as comprehensive a solution (budget, financial analysis, reporting)

SPENDING AND PRICING

USER SPENDING ON INSTALLATION OF CONSOLIDATION/FINANCIAL ANALYSIS SYSTEM

- Significant lack of knowledge on part of end users
  - Range of $4K to $400K
  - Components not known, often unknowable
  - Price issues "beneath" most senior respondents

- Few mentioned price as a barrier

- Many respondents cited this knowledge as confidential; INPUT believes that these respondents do not, in fact, usually know their spending

- Discounts desirable, but not a prominent expectation; INPUT believes that this may be different where purchase negotiations are delegated to the IS organization.

PRICING

	Average Sale ($K) *	
	Comshare	IMRS
License fees	$90	$125 -150
Installation	5	5 -10
Training	5	5 -10
Customization/ consultating	0	10 -20
Maintenance	15	20

*Headquarters plus remote sites

IMRS DISCOUNTS

- Assumes full HQ price (i.e., $100K plus)

- "Administrative License"
  - Division pays 15% (i.e., 85% discount)
  - Receives clone of HQ copy (no change in functions)

- "Reporting Site"
  - Pays 4% of HQ copy price
  - No site customization

SALES STRATEGIES

	Comshare	IMRS
Sales Focus	Corporate HQ	HQ or Divisions
Site or Enterprise License	No - price per copy	No - price per copy
Pricing	Modules	"Value pricing": Explicitly takes size of company/ division into account
Reduced price for reduced functional capabilities	Yes (allied to module pricing)	Yes
Other discounts	Yes - for large orders (a factor about 10% of time)	Rare (in addition to above)

CONCLUSIONS

- Over one-quarter of respondents already expecting changes: direction not set
- IMRS well-positioned
- LAN/client server is future target environment; no particular pattern to other future needs
- Most important offerings:
  - Data security
  - Data consolidation
  - Customized analysis
  - Ease of learning/use
  - Training/consulting
- Less important functions:
  - Graphics
  - Predefined analysis/reporting
- Important vendor characteristics:
  - Pricing
  - Reputation

CONCLUSIONS (Cont.)

- Performance ratings:
  - Few striking differences between sources (e.g., vendor versus in-house)
  - Some shortfalls in performance versus importance
    - Data security
    - Ease of use/learning
  - Possible "overperformance" in some areas
    - Analysis/reporting
    - Graphics
- Vendors versus users:
  - Generally in synch with high importance items
  - Tend to think everything is important
- Pricing:
  - Mixed signals from both vendors and users
  - Price, per se, probably not a first priority issue
  - Real pricing is highly variable and situational

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